

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BELGRADE

INFO AMCONSUL ZAGREB

C O N F I D E N T I A L STATE 303689

EXCON

E.O. 11652: XGDS-1

TAGS: ESTC, YO

SUBJECT: EXPORT CONTROL PROCEDURES

REFERENCES: A. BELGRADE 1547

B. STATE 227206

1) USG APPRECIATES CANDOR WITH WHICH YUGOSLAV CHAMBER OF ECONOMY, IN PARTICULAR DIMOV, HAS APPROACHED THE PROBLEMS OF EXPORT CONTROL IN THE YEAR THAT HAS PASSED SINCE U. S. TEAM OPENED DISCUSSIONS WITH GOY CONCERNING OUR RESPECTIVE AND MUTUAL PROBLEMS.

2) THERE ARE SOME ASPECTS OF THE SEVERAL YUGOSLAV REPORTS EMBASSY HAS FORWARDED ON WHICH WE WOULD LIKE FURTHER INFORMATION. AGENCIES HERE VIEW THESE MATTERS SERIOUSLY AND CANNOT DROP CONSIDERATION ON BASIS INFORMATION IN HAND.

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FOR EXAMPLE, COMMERCE HAS INFORMATION ON ANOTHER REPORTED

1974 DIVERSION (STATE'S A-4353). SOME UNLIKELY END-USES HAVE BEEN RECEIVED IN RECENT PRE-LICENSING CHECKS. WE FEEL LOOSE ENDS MUST BE TIED UP AND WISH TO EXPLORE FURTHER SOME PUZZLING ASPECTS.

3) THESE FOLLOW:

A. WHY DID GOY NOT INFORM USG WHEN VIOLATIONS OUR EXPORT CONTROLS DISCOVERED? CAN EMBASSY CONFIRM FROM ITS OWN RESOURCES THE PROSECUTIONS AND PENALTIES DIMOV HAS REPORTED? WHEN PRECISELY DID THESE TAKE PLACE, E.G. WHEN WAS IRET DENIED IMPORT/EXPORT PRIVILEGES? COMMERCE REQUESTED POSTSHIPMENT CHECKS ON VIDEO TAPE RECORDERS, OSCILLOSCOPES AND BONDERS. EMBASSY/ CON GEN WERE PUT OFF BY THE PRINCIPALS. THE CHAMBER NEVER ANSWERED QUESTIONS ABOUT DISPOSITION OF BONDERS.

B. REFERRING TO CASES IN REFTEL A: CASE ONE - CORE TEST SYSTEMS. CAN DIMOV IDENTIFY THE U. S. ELECTRONICS MANUFACTURER WHOSE ENGINEERS WORKED OUT ALLEGED DEAL OR FURNISH THE NAMES OF THE ENGINEERS?

C. CASE TWO - OSCILLOSCOPES - CAN WE ASSUME ALL PROPER LEVELS OF STAFF AT JOZEF STEFAN ARE NOW AWARE OF U.S. EXCON REGULATIONS?

D. CASE THREE - BONDERS AND SCRIBERS. WHO ARE THE U.S. ENGINEERS? FROM REFTEL A IT APPEARS MIHAILO PUPIN INSTITUTE PLAYED ONLY MINOR ROLE, BUT THIS NEEDS CLARIFICATION, TOO. WAS THIS TRANSACTION PART OF YUGO-SOVIET PROTOCOL FOR COOPERATION IN SUPPLYING SEMICONDUCTOR MANUFACTURING EQUIPMENT? CHAMBER NEVER DID RESPOND THIS QUESTION WHICH HEADED UP "EVIDENCE" SUPPLIED BY 1974 EXCON TEAM.

E. CASES FOUR AND FIVE - VIDEO TAPE RECORDERS AND CONFIDENTIAL

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CORE PRESSES. COMMERCE WILL ASK U.S. FIRMS PRODUCE SHIPPING DOCUMENTS (IF STILL AVAILABLE AND LEGALLY PERMISSIBLE) AND CONFIRM NATURE OF MARKINGS.

F. ADDITIONAL CASE. CAN CHAMBER GIVE US LIST OF EQUIPMENT THAT WAS DIVERTED? ANY CLUE TO U.S. FIRMS REPORTED AS INVOLVED? ELEKTRONSKA

INDUSTRIJA'S BELGRADE OFFICE WAS VISITED BY TEAM. DIRECTOR GENERAL OF AVALA PLANT (JOVAN) WISHES U.S. ASSISTANCE IN PRODUCTION OF HYBRID AND MOS INTEGRATED CIRCUITS, NOT ONLY TECHNOLOGY BUT SOPHISTICATED EQUIPMENT. IF TRADE OPPORTUNITY REQUEST IS RECEIVED BY EMBASSY, OR OTHER DEVELOPMENTS OCCUR, POSTS SHOULD CALL TO ATTENTION EXCON AUTHORITIES IN COMMERCE AS WELL AS OIM.

G. IS THERE ANY POSSIBILITY CHAMBER COULD SHARE WITH USG THE SHIPPING AND CUSTOMS DOCUMENTS DIMOV'S INVESTIGATIONS TURNED UP ON ABOVE CASES FOR USE HERE IN SEEKING OUT U.S. PARTIES TO DIVERSIONS, AND DETERMINING WHETHER LEGAL CASE FOR ACTIONS AGAINST THEM IS POSSIBLE? WE DO NOT REPEAT NOT INTEND TAKING ANY STEPS WITHOUT MOST CAREFUL CONSIDERATION ALL ANGLES BUT WE DO HAVE AN OBLIGATION TO DEVELOP ALL INFORMATION WE CAN IN ORDER TO REACH A USG POSITION ON PROPER ACTION ON THE ABOVE CASES.

4) FYI INTERAGENCY GROUP HAS AGREED THAT CURRENT AND PENDING APPLICATIONS FOR GUILTY PARTIES AND TWO INSTITUTES MENTIONED ABOVE WILL NOT BE AUTOMATICALLY DENIED NOR UNDULY DELAYED BECAUSE OF REFERENCED PROBLEM. HOWEVER, GREAT CARE WILL BE TAKEN, ON BASE BY CASE BASIS, IN LICENSING TO THEM, INCLUDING PRE-LICENSING CHECKS. SOME CASES INVOLVING GUILTY OR TAINTED PARTIES HAVE NOT BEEN MOVED BECAUSE OF RESIDUAL DOUBTS AS TO THEIR RELIABILITY. WE TAKE SERIOUS VIEW TOWARD THESE PARTIES, ESPECIALLY SINCE THERE HAS NOT BEEN ENOUGH CONFIDENTIAL

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TIME SINCE TEAM VISIT FOR CONCLUSION OF AD HOC POSTSHIPMENT CHECKS TO THEM OR FOR RECEIPT OF RESULTS OF DIMOV'S AFTER-THE-FACT CHECKS OF EXPORTS IN THE PAST YEAR END FYI.

5) IN THIS CONNECTION, WOULD WELCOME EMBASSY/CON GEN VIEWS ON BEST MEANS OF REMINDING OR RE-EDUCATING YUGOSLAV ENTITIES, PARTICULARLY THOSE OUTSIDE OF BELGRADE AND ZAGREB CITIES, ABOUT EXPORT CONTROL REGULATIONS. COULD YUGOSLAV CHAMBER DO THIS BY WAY OF REGIONAL CHAMBERS? COULD POSTS DO THIS AT VARIOUS TRADE FAIRS AND EXHIBITIONS, PARTICULARLY THOSE OF VERY SENSITIVE COMMODITIES SUCH AS COMPUTERS, OR IN SOME OTHER WAY? A GREAT MANY APPLICATIONS CONCERN LJUBLJANA, BUT THERE ARE SIGNIFICANT TRANSACTIONS FOR FIRMS IN BANJA LUKA, NIS, RIJEKA, SARAJEVO AND SPLIT. ROBINSON

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